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OUR INDUSTRIAL AND
COMMERCIAL PROBLEMS

AND

HOW TO PROMOTE
FOREIGN COMMERCE

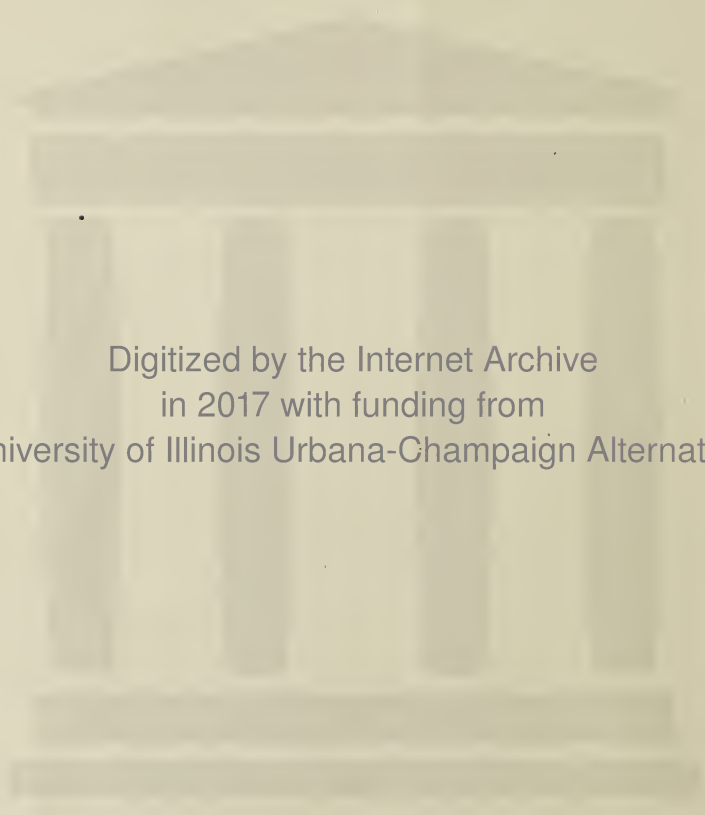
BY

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Our Industrial and Commercial Problems—How to Promote Export Trade.

BY GEORGE J. SEABURY,
NEW YORK CITY.

The first organized effort to promote foreign commerce and reciprocity treaties was undertaken by our Association—The Reciprocity Convention in Washington of 1901. It was attended by many patriotic and influential American industrialists, that were stalwart protectionists and willing tariff revisionists on a sane and equitable protective basis. The beneficiaries of foreign trade were largely represented. They attempted to revive the Kasson Reciprocity Treaties on competitive wares. Anticipating their views I prepared a paper on the Conservation of American industries and labor, and that a sweeping tariff revision movement in 1901 was premature.

The motive of the promoters of the Convention was to stampede it for immediate tariff revision and a recommendation to Congress to enact Reciprocity Treaties that would have destroyed scores of American industries and their labor fields. They failed! The discussions were instructive. Forceful and eloquent speeches were delivered. Subordinate important matters were resolved upon. The only practical resolution that was unanimously adopted was that which set forth the necessity of creating a permanent independent tariff commission of industrial and commercial experts. All the free trade subjects brought before that Convention were patriotically buried in an American commercial cemetery. Naturally the Convention adjourned, sine die.

This initiative movement was followed by several similar enterprises under the auspices and control of representatives of Western industrial trusts, that have grown colossal, opulent and arrogant and politically influential under tariff protection, but which were restless and desired greater commercial freedom for their own industries, at the expense of their weaker American competitors and other connective and diverse manufacturing and producing interests. This group of selfish industrialists I named—An American Association for the Prevention of Cruelty to Foreign Industries and Labor.

Co-operating with these interests were the agents and representatives of foreign Shipping lines, free traders, and representatives of foreign manufacturers; the latter were anxious to force an entrance into our home market for their competitive wares and products by agitating tariff revision downward, or open competition, yet they too became demoralized and sought refuge under a resolution, to create a permanent tariff commission composed of industrial and commercial economists—the only sensible American act that they passed at any of their Conventions. They even induced Cabinet Officers to give status and prestige to their deliberations and meetings.

Whenever resolutions were offered at their Conventions to rehabilitate an American Oversea Merchant Marine through subsidies, a Bedlamic storm of protest arose that raised the temperature of the atmosphere. Their motives were immediately apparent. "They knew we could build ships without subsidies," and "That we possessed all the facilities for constructing them," or "Could enjoy an alternative, to purchase cheaper ships "made in Europe." A clinching argument was, "That foreign lines managed their affairs under lower economies and therefore could transport our products and passengers at lower rates, and finally that "There was no sane reason why we should become their competitors." Their state-

ments except the last one, that we had no right to construct ships, because we favored modern living wages to our shipwrights, and marine service, were all fundamental economic truths. They failed, however, to allude to the subsidies, subventions, and governmental aids granted to their various lines that ensured them supremacy in oversea shipping. The resolutions carried on the restoration of An American Merchant Marine Service, were meaningless, without definite recommendations, and purely farcical.

There were always present at their Conventions a sufficient number of patriotic Americans who defeated their object and aims. The marine victory that they again secured—a most reproachful one to Americans—was the further postponement of a broad American shipping Act, for which we have to thank their Western merger trust allies and some of the income derived from our immense export and import shipping and passenger traffic that will amount to not much less than \$250,000,000 per annum in 1908. They could easily spare several millions of that sum for American political campaign expenses to both predominant political parties, or to directly and indirectly persuade American legislators in the Washington lobbies into voting against imperative patriotic shipping bills.

Many ingenious and crafty bills have been introduced into Congress through these same agencies. They finally succeeded in inducing the administration to negotiate a German Treaty through amateur American tariff experts, based on an initiative pact or agreement. The concessions therein granted by our Government—especially wherein sagacity and shrewdness should have been shown—permitted self-valuing privileges to German Chambers of Commerce, manufacturers, and exporters—and a suspension by our Consuls of our consular and customs protective laws and regulations, without consulting the protected American industries that were vitally interested. The concessions and provisions made the initiative agreement

and the treaty that is to be ratified, a pure and simple free trade treaty for competitive imports. Its arbitrary promulgation, without the acquiescence of Congress or the consent of the tariff protected American manufacturers whose interests were jeopardized, nullifying a national protective tariff law, is construable into an act of usurpation of the powers of Congress, and a gross injustice to our manufacturers and wage earners. We should condemn these procedures in no Quaker language.

This pact thus far cost the Nation nearly twenty millions worth of business in competitive wares with only one country, a great loss to our industries and labor, and custom revenues through undervaluations. It has also opened our market to other foreign industrial nations that have demanded the same terms, under treaty obligations! These losses will be continuous and increase unless Congress promptly annuls the agreement and the treaty. If we had possessed a Council of practical tariff, economic, consular, and customs' experts, the German agreement would never have been negotiated. Its weaknesses are glaringly transparent to every exporter and importer. Our foreign industrial competitors swiftly took advantage of its provisions, and the foreign object of the treaty was confirmed.

The Administration has earned and won enthusiastic praise in many administrative departments, but when the abilities of its members are tested as industrial economists and tariff defenders—well—where is it drifting? In its defense we can truly state that its members never studied international industrial subjects or tariff problems, or had practical experience in commercial affairs. It is Sanskrit to them. Consequently when this Association, the largest and most influential industrial organization in the United States or in the world, unanimously recommends practical imperative measures for our progress and protection, Congress should promptly investigate them and act in a patriotic manner.

It is true that President Roosevelt has recommended the creation of a Tariff Commission, but when pressed for his views of further action, he stated that the Congress was jealous of its power and would resist an invasion of its prerogatives. The answer is that the functions of such commission would be inquisitorial and advisory and not executive, and are based merely on scientific enquiry and the analysis of subjects of the highest importance to the Nation. The usurpation of Congressional prerogatives was never contemplated by its advocates or pleaders. Congress is simply nursing a bugbear!—without justification.

After eight years of agitation these misnamed foreign Conventions have accomplished absolutely nothing whatever for American commerce. They have succeeded however, directly and indirectly, in promoting foreign commerce for European industrial and shipping interests, but not one cent for American export trade. Through their methods in the lobbies of the Capitol, in which their Northwestern American allies have ably assisted them, these foreign conspirators have continuously prevented our shipping bills from being favorably acted upon. They have also induced the Government under commercial and political threats to initiate a free trade treaty with Germany. The managers of these Conventions have masqueraded under the pretense of promoting export trade, when in reality their true mission was to prevent American constructive legislation, to destroy American industrial interests, and to postpone our future maritime independence and prosperity on the high seas.

I hope you will pardon personal reminiscences: Many years ago, the writer prepared an address, for the first tariff Convention ever held in the United States. It was entitled—"The Commercial Supremacy of the United States and the Three Missing Links in American Commerce."

The constructive subjects were arranged as follows :

FIRST.

An American owned and built oversea mail and merchant marine service to world commercial seaports.

—:—

SECOND.

A Department of Commerce under the direction of a secretary of commerce, a master of its economies and subjects.

—:—

THIRD.

An Isthmian Canal. Because of the time it would require to construct it.

—:—

No American economist nor statesman was ready to entertain such a bold conception, but, nevertheless, in my studies of future possibilities based on statistics, our own and foreign markets, our progressive labor saving mechanical inventions, our rapid processes of manufacture, the standardization of industries, our vast natural resources, and our ability in another generation to over-produce commodities, while holding our home market under a wise prohibitive protective policy, that was multiplying industries—my mental search-light revealed clearly to me, at least, that with the natural increase of population and continuous influx of immigration, composed largely of skilled and unskilled labor, an imperious position was surely attainable, through the irrepressible enterprize of our industrialists and the ingenuity of our inventors. I also believed that commercial supremacy was possible in the coming generation without the aid of an oversea merchant marine service. The tariff for revenue only in 1893 that cost the Nation over thirteen thousand millions of dollars through the

losses sustained in the destruction of our home industries and shrinkage in values was the only national calamity that for a few years disturbed my mathematics and prognosis.

Through the aggressive and persistent efforts of this Association, Congress enacted two of these missing links—A Department of Commerce with a representative in the Cabinet, and an Isthmian Canal, both great national assets that will be appreciated in the future. They will be of incalculable value to our industrial interests and our future commercial relations with the Orient and its immense contiguous trade when the Panama Canal is completed and American ships peacefully ply between the Atlantic and the Pacific Oceans. Congress commenced at the wrong end of the constructive measures. American ships should have been first provided for.

We would to-day be the most independent industrial nation on earth if the American flag was seen on oversea home-made steamships and sailing vessels throughout the world. I will leave that truth to posterity. Commercial supremacy has been ours for several years and we will never surrender it. The genius of our industrialists has created it and they will defend and perpetuate it.

Here ends the first part of my subjects on our industrial and commercial problems. Now for the constructive parts that lead unerringly to the promotion of foreign commerce from a true American standpoint. These three final missing links in our invulnerable commercial chain will complete our maritime and industrial independence.

FIRST.

An Oversea American Merchant Marine to every important commercial seaport in the world to transport our passengers, mails, exports and imports—and for war emergencies.

SECOND.

A permanent Bureau of Tariff Industrial and
Commercial Economists.

—:—

THIRD.

A Broad Drawback and Rebate Policy for Ex-
ports.

—:—

AMERICAN SHIPS.

In January, 1905, I wrote for the information of Congress and our Association, what was pronounced the most original, scientific and exhaustive treatise, on the uses and value of oversea shipbuilding to an industrial maritime people, that was ever written by an economist in any country. It was a prodigious and laborious task, and I essayed it as a patriotic duty. My earliest predictions have been fulfilled, and the prognosis of results in the treatise to which I referred will also be realized, when the influence of foreign and American obstructionists is rendered powerless.

I will briefly allude to the prominent economies and benefits in oversea shipbuilding. An oversea service in 1908 for the transportation of our passengers, exports and imports, if it were possible for us to carry our entire commerce, including mail and merchant steamships of all types, sailing vessels in all classes, dry docks, new shipping plants and their contributory facilities, connected with our present shipyards, would cost over one thousand millions of dollars. Over one thousand vessels would have to be built for such a service. Ninety-five per cent. of this great disbursement approximating \$950,000,000 would be spent in the United States, for raw and manufactured materials, labor and transportation to shipyards, wherever they may be located. I have allowed five per cent. net for profit to shipbuilders. The entire amount

would remain almost wholly in the United States to be circulated and expended for other commodities and interests.

Such an enterprise in the course of time will give employment to over 500,000 persons per annum on land and sea. The oversea operating expenditures for all of the involved economics, passenger service, food-products, export and import transportation and labor, will as previously stated overreach the sum of \$250,000,000 per annum. This great yearly oversea expenditure is practically an export item. These two are the predominating economics. Over 250 industries will be benefited through the oversea shipbuilding industry, from agricultural, mining, transportation, manufacturing to laboring interests. It will be a new industry and laborfield and become a permanent one. Every section of our country will in some degree share in its prosperity. I will omit the minor item benefits, but you will find them in my analysis and what finally becomes of all the money circulated by labor wage increments. And yet we are still without this grand national industry—the only unprotected one in the United States. These calculations will be greater as we increase in population, so will our exports and imports.

Now we come to the practical side of this subject. If in the course of twenty years of active shipbuilding, we only produced one-half of the needed facilities, it would be a beneficent protective national investment. No one will ever assume that we will be able to carry all of our commerce. That would be an impossible proposition. Foreign buyers would choose their own lines, but in time we would be able to control more than one half. We did so, "When Columbia was the Gem of the Ocean." Our beautifully picturesque clipper ships carried over 80% of our commerce. I distinctly remember them as they majestically sailed in and out of New York Harbor. Is there an intelligent American understanding this subject, who will assert that we will find ourselves in the second place in another generation after Congress has

granted us the necessary aids to slide ships out of American shipyards for the oversea traffic. There is no doubt in my mind, that in a generation our shipbuilders would secure first place and we would also be able to compete with the greatest shipbuilders in the world and sell ships of superior construction "made in the United States."

Identical results will be developed whenever Congress settles on an American oversea shipping policy. For nearly forty years foreign shipping interests have dictated it! Here are important facts to bear in mind. It takes two years to build a first class ocean liner. If Congress passed a ten million dollar subsidy act, the foreign lines would hold our present passenger and carrying trade undisputed two years more, and earn \$500,000,000—enough to build half of our fleet, and long thereafter would control a very large proportion of our commerce, thus continuing the \$250,000,000 per annum or more, and slowly reducing that sum as our own ships displaced theirs in the oversea traffic. If Congress passed a subsidy act to-morrow, over two years would elapse before the Government would make the first payment on new steamships.

The appropriated subsidies would not cost the Nation one cent, whether we spent three or ten millions per annum. Every dollar applied to an honest regular shipping service, for the promotion of home and foreign trade, no matter where its destiny may be, will be returned directly and indirectly to the Nation more than one hundred times in the manner explained in the treatise, and it is, therefore, an outrage to define enterprising and highly profitable subventions as treasury loot or robbery. Such expressions from members in Congress spring either from unpardonable ignorance, from being subsidized by foreign interests, or dictated to by their political sponsors.

It has been and still is a blessing to industrial nations that have been able through their far-seeing statesmen to create and enlarge their magnificent mail and merchant fleets, through

a system of perpetuated subsidies. Great Britain and Germany are conspicuous examples—and several other industrial nations have followed that policy. Even Japan appropriates \$6,000,000 a year for shipping subsidies. When we demand similar legislation for our lines, shipbuilders, home and foreign commerce, and ask for liberal subsidies such as were a benison to the Nations named, it becomes a crime when applied to the United States. It will be worse than a crime, it will be treason, to much longer postpone the building of an over-sea merchant marine.

Senator Gallinger's modest Mail Subsidy Act was passed in the Senate last March. The House Committee having the bill in charge refuses at this date to report it. The Marine Journal of New York City—a patriotic shipping publication, expresses itself editorially as follows:

"The Marine Journal's contempt for the protectionists who voted against reporting this bill could not properly be expressed in these columns," (naming three Republicans from the Northwest.) "These individuals had the gall to accept a certificate of election on a platform of protection, and after such action take the first opportunity to stab the only important industry of this country, foreign going shipping, that is unprotected. The constituencies of these mis-representatives have been the recipients of millions of public money to encourage irrigation, improvement of rivers, etc., for which the shipbuilding communities have contributed more than themselves in taxation. Is it a wonder then that we are at the present time burdened with thoughts that are not fit to print in this connection?"

What a sympathetic nerve that touches in my brain!

Great Britain drove the Collins line of steamers, a once prosperous American enterprize, out of the Trans-Atlantic Service and forced it into our Coast line trade through granting its competing lines increased subsidies, which enabled them to build larger and swifter ocean steamships. Congress

would not meet the newly raised subsidies and the line disappeared from the ocean traffic. After a lapse of some years the American line was established with equalized subsidies. It competed successfully, became prosperous, and to remove it from competition, the British subsidies were again equalized or advanced. But this time it was no longer necessary to demand increased subsidies from our own Government, since the entire line was purchased by the foreign syndicate shipping interests, and with that purchase, the American owned steamship passed into history. There is not a single American built and owned steamship to-day in the Trans-Atlantic Service, the greatest of all marine industries. Our passengers and immense commerce are carried by every other flag than the Stars and Stripes. Our oversea traffic is now controlled completely by various foreign lines on their own arbitrary terms. It is a non-competitive and non-American monopoly.

Another fact for commiseration. We have paid the foreign shipping lines in the past forty years more than six thousand millions of dollars for carrying our mails, passengers, exports and imports. Three-quarters of their magnificent and extensive fleets of modern mail and merchant steamships have been bought and paid for by American money, earned chiefly in the Trans-Atlantic Service.

We now come to a staggering shipping problem; I am not an alarmist unless we have positive proof that the unexpected may or will happen. The President is no alarmist when he demands four battleships and believes that eternal vigilance is the price of liberty and peace. So does any true American. Large navies are supposed to protect a great merchant marine and its commerce. This truism does not apply to the United States, although we are the supreme power in commercialism. We have a presentable navy, and are proud of it and its commanders. As to a merchant marine—well—we have oceans of water to the East, West, North and South of us—to float one on. Our magnificent naval pageant that

is encircling the Globe is accompanied almost wholly by foreign colliers. If the colliers suddenly sailed away, or were engulfed in a typhoon, our battleships would become ocean wanderers.

Now then here is a possibility. The subsidized mail and merchant steamships in the Trans-Atlantic and connective branch services, are liable to be called at a moment's notice to serve their respective Governments in case of war. Here's our dilemma that has often startled me! What would or could we do with our oversea traffic in case of an European conflict? Suppose in the internecine strife, Great Britain, Germany and France were involved. You will say that in these modern times The Hague and the schoolmaster have made war impossible. Is it a fact? Germany declared war with France with the swiftness of a Mercurius. Russia was pleading for The Hague and the peace of the world, while sharpening her tools of war to crush Japan. Our Spanish-American war was kindled by a spark. How unprepared we were. We went begging to private citizens and foreign shipping lines for any vessel that would float to carry our forces and munitions of war, creating consternation and deep humiliation to the Government and the Nation. Men may come, and men may go, but war and rumors of war will go on forever.

We will now consider a more exasperating and desperate contingency. Having no merchant marine, what will become of our passenger service, our exports and imports, in such an event? I will not dare suggest what may not happen, only to state superficially that it would cost us the best part per annum of three thousand three hundred millions of dollars and the crippling of our home industries through the failure of receiving our regular supplies of raw materials for the home market, and these losses and perplexities would continue until peace and the service were restored. I am not an alarmist—but think it over seriously.

When Secretary Root undertook his triumphal tour to the South American countries to establish closer commercial and diplomatic relations as the representative of the defenders of the Monroe Doctrine, he was compelled to proceed on his peace mission on the warship *Charleston*, instead of a swift palatial ocean steamship, designed, built, owned and sailed by Americans, and our Peace Commissioners to the Pan-American Congress in Rio were permitted to take passage on a steamer flying the British flag, thanks to the foresight of British statesmen, otherwise our representative might have been compelled to sail or row down the coast or walk, crossing streams, interspersed with romantic adventures with the bandits of Mexico and enjoying a few earthquakes in the South American countries, before they reached Rio and finally when they did enter the Brazilian Capital, learn that the Convention had just adjourned, and see our Secretary of State sailing out of its beautiful harbor on his journey toward other conquests and fetes among the South American Republics.

These incidents appealed to me in our work of restoring our oversea merchant marine. I took advantage of it and wrote a letter for publication entitled, "Bon Voyage to Secretary Root and Farewell to Our Merchant Marine." Only a few days elapsed after the Secretary of State had left our shores, when I addressed a letter to him at Rio, enclosing a clipping of the published letter, which many declared was very interesting, and adding other important observations. I was curious to test the time for an answer, although I knew in advance about how long it would require, but I wanted the evidence. I had every reason to believe that Secretary Root would reply promptly, and he did so. In the meantime the Secretary continued his journey along the coasts until he was ready to return to New York City. The response to my letter was received, postmarked via London, England, three days after he had arrived in the Port of New York. What do you think of that? I felt so chagrined that I asked him to make

the Cabinet familiar with the episode. Moreover, when the Secretary of State pleaded for South American mail steamers—the same old oligarchy of American plutocrats and their foreign conspirators kept the Senate shipping bill in the House, where for a generation our oversea shipping bills have been cremated or pigeon-holed. An American Oliver Cromwell may some day repeat English history.

THE CREATION OF A BUREAU OF COMMERCE.

Moliere in his comedy of the "Hypochondriac," described a physician as a "gentleman who treats patients for ailments and diseases about which he knows little, and prescribes medicines about which he knows still less." His criticism is not applicable today. With becoming modesty and Christian resignation I will define our present Congress, (a small proportion of independent, conscientious, patriotic members excepted), as a body of controlled legislators that know little or nothing about national banking and currency subjects,—my highest authority being Congressman Fowler, Chairman of House Committee on Banking and Currency, a practical banker and author of a scientific plan to produce elasticity to currency and security for bank assets and collateral loans,—and when it comes to tariff problems and the promotion of foreign commerce, they know still less. If these insinuations should lead to my impeachment, I invite the consequences.

We possess a few earnest, able, and conscientious protection journalists, and also a limited group that pose as economists, who still stoically adhere to ultra—"Standpatism." If those writers were familiar with all the facts connected with favoritism to special industries and the superciliousness of our Plutocrats, in matters pertaining to national legislation, that are based on extraordinary campaign contributions, they would become enthusiastic pleaders for scientific tariff revision, and support the efforts of an overwhelming majority of American manufacturers, in establishing a permanent advisory tariff

council, Bureau of Commerce, or Commission, and surrender a chronic self-inflicted delusion, that such a body of economic analysts would deprive Congress of its constitutional rights. The power of Congress is incontestible—it remains supreme!

We have persistently advocated the appointment of a body of scientific economists to unravel our tariff problems, because as practical men managing extensive interests, we have been conscious for years that Congress is incompetent to solve our tariff and collateral commercial problems or to decide great practical, progressive measures. Several years ago in a paper on this subject I suggested what the functions of such a commission should be. The views therein expressed are essentially reproduced in Senator LaFollette's Bill on a permanent tariff commission, which is a masterly drawn document on the subject and the most practical that has ever been submitted to Congress. When an amendment to that bill is made, empowering it to recommend its decisions, (not barren, collated, meaningless statistics), to Congress, through the Secretary of Commerce, it will be an ideal bill and should receive the unanimous endorsement of this and every other industrial association in the United States.

It has been stated in and out of Congress that there was insufficient labor for such a group of censors or commercial analysts to make it permanent, and that they would perish from inanition or the want of occupation. I herewith submit the subjects and functions that should be placed under their jurisdiction.

Tariff Revision with rates advanced or decreased whenever desirable or advisable.

—:—

To study ways and means to protect our home market, our industries and their labor fields from the most extensive to the most limited. Impartial treatment for every branch of manufacturing.

To study oversea shipping economies remembering that we are paying foreign lines over \$250,000,000 per annum for carrying our passengers, mails and merchandise, and through statistics and facts, show where and how great profit springs from small or large Government subsidy investments. The same observation applies to land or water enterprises within our territory. Shipments are being made in Europe to and across the United States to the Orient and Australia, at rates less than can be secured by home shippers. Our Railroads favor foreign interests—more big stick.

—:—

To suggest shipping lines to favorable ports and assist us in securing a generous share of its commerce.

—:—

To promote foreign commerce and how to obtain it, and suggest new markets for American products.

—:—

To study foreign tariffs especially their application of the modern maximum and minimum duties, their changes, rulings and methods of discrimination in favor of their home interests and against foreign competitors.

—:—

To study our customs, consular and court laws and regulations, and to suggest changes in the classification of commodities and uniform duties for the benefit of our collectors, appraisers and manufacturers. Uniform appraisements and classifications for all ports of entry.

To study consular reports and recommend methods to industrialists whereby advantage may be taken of their suggestions in reference to trade opportunities.

—:—

To study foreign ship subsidy appropriations and changes in conforming to new conditions, and the provision under which the granted appropriations are made. When foreign interests believed that our Senate Mail Subsidy Act would be approved by Congress, Germany promptly granted her Australian lines the sum of \$125,000 per annum for a regular monthly service. It enables the line to compete. That is the true policy for any industrial country possessing a merchant marine to follow. We should do no less at all times, when we become competitors. Equalize the new difference.

—:—

To study overland, lake, canal, river and oversea transportation, from the United States to the Orient, Eastward and Westward, and the special allowances made for exports by foreign Governments.

—:—

To draft necessary tariff, initiative and defensive industrial and commercial measures, and to examine all bills introduced by members of the Congress on these subjects.

—:—

To study the wage earning systems and time standards of our competitors and all the secret advantages given to their industrialists to compete for export trade; a suggestion to our secret consular and treasury agents.

To revise and equalize shipping laws. There are causes to advance our tonnage taxes to the higher rates charged our vessels in foreign ports.

—:—

To examine existing treaties, or to propose Reciprocity Treaties that really benefit our national industries and labor.

—:—

To publish all important information of interest to our industrialists, in a form similar to our consular reports, including all important commercial, tariff and legal decisions that affect foreign commerce.

—:—

To find markets for our surplus products and manufactures based on the law of supply and demand, such as crops or lack of producing facilities.

—:—

To be a practical steering committee for the United States in all things, industrial and commercial.

—:—

To suggest changes in tariff, consular and customs laws in emergencies or to strengthen the old laws and regulations.

—:—

To study the drawback and rebate policy of all nations for export trade, and to suggest additional materials to our drawback list whenever profitable to our industries and labor.

—:—

To draw up a plan, showing industrialists how to dispose of their commodities through correspondence, how to ship, and how to collect their bills. Such in-

structions have been printed by foreign industrial bureaus, even describing terms of sale and minor expenses connected with consular customs and transportation charges, through steam and sailing vessels, how to collect direct or to sell their drafts to foreign bankers.

—:—

Through experience many new connective functions will suggest themselves to the experts.

—:—

To hold open or secret conferences, for the discussion of subjects, affecting our tariff or industrial interests, voluntary, by invitation or summons, thus relieving the Senate Finance Committee and the House Committee of Ways and Means. A practical movement that will ensure greater impartiality in preliminary tariff investigations.

—:—

Several minor departments in the Department of Commerce could be profitably merged into their work.

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So far I have not enumerated what they might do for our internal commerce, nor the propriety of suggesting the establishing new industries that would add strength to our commercial roster, nor to the source of raw materials that are not yet produced in the United States, or suggesting the growing of raw products in the United States to the Secretary of Agriculture.

—:—

These economic subjects must convince the most prejudiced or skeptical, that a tariff Council or Bureau of Commerce would become the most important body in the Nation—merely analytical and advisory—and I have often stated that when composed of men of character, integrity and ability, they will be worth their weight in gold, I will now change it to diamonds.

Such a Council becomes our greatest national asset as the guardian of our home market and promoter of foreign commerce, by conserving the productive forces and defending our phenomenal prosperity, through adequate tariff protection.

If Congress appoints a Tariff Commission, Council or Bureau of Commerce, to revise the tariff and to act as its advisors give it ample time to complete its labors—impartially and conservatively, but let the work of revision be complete for another decade. When the schedules have been ratified by Congress, then grant all interests affected in the revision, especially those whose schedules have been lowered, a sufficient time to dispose of their wares under the old schedules. In some instances one year would not be too long, to move extensively stocked manufactures. Where the old rates are continued or higher rates substituted, no time limit will be necessary. The Commission could classify the products and fix time limits. Such cautiousness would ensure a peaceful solution in a revision of the Tariff, without disturbance to trade, wages and labor, nor loss to the manufacturing and mercantile interests.

Nearly two years will probably elapse before new schedules are enforced. In the interim our home market interests must be restored. The following is a plan that will cost nothing and may be instrumental in quickly inspiring confidence. If the Senate and House of Representatives before adjournment will pass Resolutions assuring our industrialists and the mercantile interests, that the Government will grant a generous allowance of time to dispose of the stocks that are affected by lowered schedules, and that they will suffer no loss and the President issue a proclamation to that effect, trade and commerce will revive as if by magic—hoarded funds will become plentiful and cheap, and by next November, our business interests will have reached an anti-panic normality, at which time a grateful Nation will acknowledge the wisdom of its administration and permit me for the second time in my life to exercise the privilege, honor and pleasure of voting directly for a President of the United States.

TEXT ARGUMENTS ON SURPLUS PRODUCTIONS THAT ARE SOLD
UNDER AMERICAN PRICES FOR EXPORT.

We will select the steel industry, because it is one of the strongest single interests in the United States, and like scores of other industries, it disposes of its surplus for export at less than American prices or whenever judicious. Why should it pursue such a discriminating policy for exports and not for the home market? There are opportunities to secure foreign business, by competing with foreign steel plants in the same specialties. Our iron and steel manufacturers in examining their economies find that if they can continuously keep their furnaces and facilities "alive" by day and night work, they will be able to produce their manufactures at a less cost to themselves and ensure steadier employment to thousands of their wage earners; but to entertain export business propositions they must be content with a reduced profit, which very often amounts to a mere banker's commission of one or two and one-half per cent. Such wares have been sold at cost and below cost to keep the mills or plants in uninterrupted operation.

At the same time let us not forget a most important fact that while the products are sold below American profits or prices, the wages of the skilled and unskilled wage earners in the rolling mill and steel interests remain precisely the same whether their products are sold on foreign orders or for home consumption. All foreign manufacturers in this and other industries follow the same policy and for the same economic and patriotic causes.

The underlying economic interests appeal to shrewd men of affairs. Exported materials, products and commodities do not come into competition with the home market, consequently there is no mercantile disturbance to competitive American interests. Surplus sales are a clear non-competitive addition to our export commerce. While they injure no home interest—on the contrary, their benefits reach into many new di-

rections. On account of the great disparity between American profit-sharing and foreign barely living wages and time standards the difference in cost being fully two-thirds less; these inequalities, in labor wages are overcome by our industrialists through superior mechanical inventions, continuous operation and fast and steadier production! Our power and prestige in export trade rests on our great inventions and the excellent quality of our raw materials, products and manufactures and superior food products, especially since Professor Wiley has forced producers to comply with our National Pure Food Laws.

The direct beneficiaries in all surplus or over-productions for export in the steel interests are its wage earners, iron ore miners, smelters, transportation interests and the connective industries that supply rolling mills with any of their needs in completing the finished product, with no reduction in American wages. Export surplus sales cannot be calculated as regular trade. They are transient opportunities—ours today, England's tomorrow, Germany's the next day, and so on, and remember they are always secured by the purchaser at the lowest "world price." This observation is equally applicable to all other American industrial competitive wares in foreign markets, except patented, monopolized or self-selling commodities.

All export sales of surplus products are simple, universal, commercial movements, justified by cause and necessity. Instead of accusing American exporters of extortion, it should be defined as tariff wisdom, especially where drawbacks are permitted on imports, that are sold in the exported commodities. American manufacturers, as a rule, make reasonable prices for home commodities, competition forces them to in the home market, except where the schedules are excessive and trusts advance prices; they are also forced to accept less profit on foreign orders for competitive wares than they receive for the same products in the home market or lose the sale. The sacrifice is made by the producer, not by his wage earners, nor do the

contributory interests suffer loss, they too receive normal profits, while as previously stated, the wages of the steel and co-operating interests remain identical for both the foreign and domestic markets.

It is our duty to encourage the sale of this class of products and commodities wherever and whenever possible. Transporters on land and water should be permitted to grant manufacturers special freight rates for export trade. Foreign Governments owning their own railroad systems and water courses favor their industrialists by not only granting them special transportation rates on land and water within their territory, but where they have established a merchant marine service through subsidies, they also force their shipping lines to grant lower shipping rates for exports so as to secure to them every advantage that will enable them to compete with the producers of surplus wares throughout the world. In making surplus sales, the producer usually, at little or no profit, directly and indirectly, creates greater prosperity for his own and home connective industries and laborfields. A wise patriotic policy.

DRAWBACK POLICY.

Every imported raw material not produced in the United States or partly finished product should be added to our drawback list, and the entire duties should be refunded to the manufacturer, when utilized in export wares. Exporters and manufacturers have been receiving 99% of the drawbacks; the indirect profit from foreign commerce will warrant the Government returning it wholly. To broaden this policy is to open new markets.

All internal revenue taxed materials should be added, especially alcohol,—cologne spirits, spirits, and denatured spirits, subject to the same provision. Manufacturers using alcohol will be benefited by exporting chemicals, perfumery, pharmaceutical preparations and all commodities containing alcohol

In a moment of aberration, the Government permitted the importation of alcohol and the drawback of the duties—an unwise act. It brought in the product of foreign distillers in immense quantities. We lose the production of the alcohol, the consumption of the raw materials and all the by-products. We can produce tens of thousands of barrels of alcohol in excess of our needs; on the other hand our farmers will be benefited through distillers consuming their cereals, and spirit producing products, and divers other contributory American industries.

WE SHOULD ADOPT A DUAL, TARIFF.

The use of this tariff is new to us. Many of us do not comprehend its importance. Foreign Governments use the maximum tariff for retaliation and the minimum tariff for favored nation clause. We should reverse the European plan. In our case the minimum tariff schedules should represent adequate protection for all American products and wares sufficient to prevent the importation of any foreign competitive product. The maximum or highest schedules to be applied should any nation unjustly discriminate against any of our commodities. It is a protective and punitive tariff. Its adoption will nullify our present foreign treaty obligations under the Dingley Tariff. No more amateur foreign agreements that destroy the products of our industries and labor would be possible when our home market is defended and protected by a Bureau of Experts.

RECIPROCITY TREATIES.

Reciprocity Treaties in any form should be the subject of special consideration and legislation. A Tariff Council would soon determine the benefits or disadvantages that might be arranged in such treaties submitting to Congress all the particulars and speculative results.

Imbed deep in your minds another glorious fact. Subtract from our imports received in any of the recent years all lux-

uries brought into our market through our superlative prosperity to which add our exports of the same year and you will find that we control over 99% of our entire productions from farm and factory to the most extensive plants. It is about time that you awakened to these facts. Therefore when great stress is placed upon the necessity of negotiating treaties and the absolute need of such commercial incentives to increase foreign trade, do not be deceived, you will see how unnecessary it is for us to consider them and they will not be worthy of consideration, unless they eliminate competitive wares or raw materials produced in the United States. That is the status of commercialism in the United States in 1908. If weak-minded Americans in Congress or elsewhere believe that we can be forced through threats of reprisals into negotiating Reciprocity Treaties that are not in the interest of American industries and labor, then we too have our remedy and without threats. If we felt so disposed we could refuse to sell them their necessities and keep our over-productions and hold them as national surplus stock to be used in our next year's requirements. There is no necessity whatever of negotiating or considering Reciprocity Treaties in competitive wares. The favored interest philanthropists are anxious for this class of trade treaties that destroy our industries but save their own. If reciprocity treaties can be negotiated on products upon which we depend and that we do not raise or produce in the United States, such would be the class of commodities to consider. Entertain no treaties that fail to reciprocate or that injure any single industry.

OUR CONSULAR SERVICE.

Germany probes its commercial problems throughout the world with consummate skill and vigilance through its consular and secret commercial service systems. If we adopt their inquisitorial and practical methods, it would need no further instructions. Our consular service has been reformed and is

said to be removed from politics—an important departure—and will be appreciated by exporters and tourists if true.

At our meeting in Atlanta, the German secret service representatives were actively procuring accurate knowledge and statistics of the developing cotton and other crops, and were also overanxious as they are to-day in this Convention, to learn what this organization of industrialists will do with our commercial tariff problems. The views of several of our members appealed to them when they advocated tariff revision on competitive wares or Reciprocal Treaties that were based on lowered tariff schedules. We are still uncompromising protectionists on a sane and adequate basis of protection to American industries and their highly waged laborfields.

We must place as much reliance on a secret commercial service as do our industrial competitors—an indispensable commercial detective agency. Government funds judiciously spent for the purposes named will bring back compound interest by indirectly increasing our exports in many markets and lowering the cost of imported raw or partly manufactured materials needed in our home market or for export trade. It also furnishes facts for advancing duties on undervalued imports.

In the past the American consular service has been of great advantage to foreign manufacturers and interests, and still is under the German agreement. Many of the consulates were managed by natives of the country or by Americans not speaking the native language. Our service has improved recently. Americans only should represent American interests at any of our consulates.

EXPORTS AND IMPORTS.

Constantly bear in mind that our exports consist of patented, monopolized, self-selling and surplus food and manufacturing products and wares. We are under no obligations whatever to foreign purchasers, since those commodities rep-

resent absolute necessities and superior products, that are bought at the lowest world price. These exports are secured through the laws of supply, demand and necessity. Our home commerce has overreached the colossal sum of over thirty odd thousand millions of dollars per annum through our prohibitive protective policy. Our exports represent less than five percent of this great home commerce. We consume annually over 95% of our entire productions from the soil to the factory—a magnificent achievement for the people that pay our taxes directly and indirectly in time of peace and fight our battles in time of war.

We do not object to foreign industrialists supplying us with competitive wares, provided they enter their products under proper classifications and at honest values. If they succeed, we have our remedy—raise the protective tariff schedules. That is the plan that France and Germany pursue.

The world has not yet become a philanthropic society—when it does then we will have free trade galore—and tariffs for revenue only.

The following measures should be resolved upon at this meeting by the Committee on Resolutions:

FIRST.

A subsidized oversea mail and merchant marine service owned, built and sailed by Americans to every important world seaport.

SECOND.

A permanent Tariff Council, Commission or Bureau of Commerce composed of scientific, industrial, commercial, legal, customs and broad economic experts to be appointed at the beginning of next session of Congress.

THIRD.

The enlargement of our drawback policy for exports to include every imported material, not produced in the United

States, and revenue taxed product, such as alcohol, cologne spirits, denatured alcohol, tobacco, or any other exportable commodity that contains the whole or a component part, and allow the entire duties or revenue tax to the manufacturers or exporters.

To aid us in the promotion of these measures, I recommend the addition of the following special committees to the standing committees :

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A Committee on Drawbacks, Revenue Rebates and new markets.

A Committee on Surplus Products and Manufactures.

A Committee on the Expansion of Export Trade.

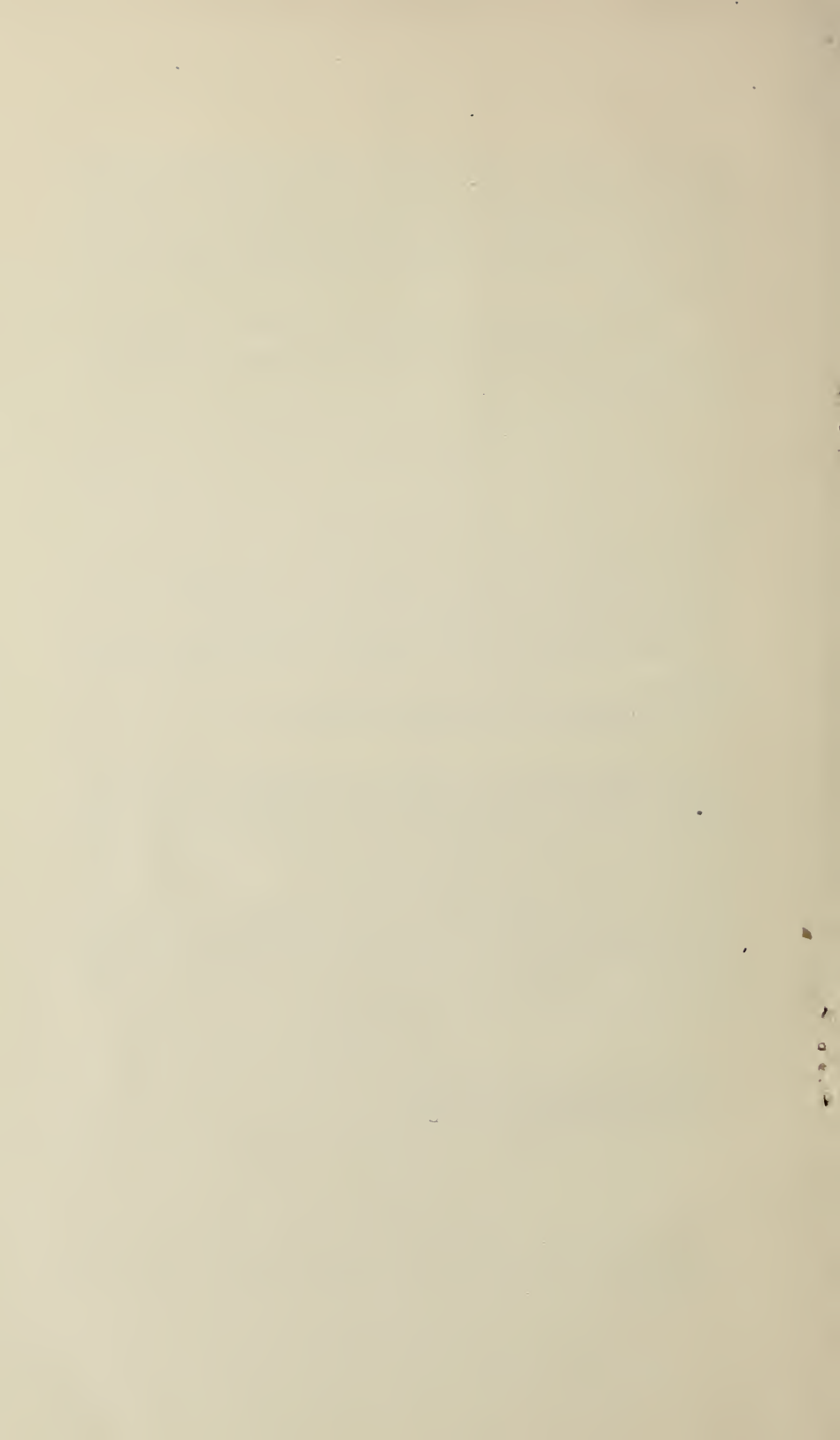
A Committee on Oversea Shipping and Overland Transportation.

A Committee on our Consular Service.

The motives that have inspired this message to the industrialists of this Association and of the Nation and their tens of millions of wage earners in its matchless laborfields, the producers of all of our national wealth and phenomenal prosperity are: Patriotism,—the strict enforcement of our protective tariff laws, and a greater respect for the progressive, practical and imperative demands of our industrialists from the Administration and our representatives in the Congress.

GEORGE J. SEABURY.

New York, May 18th, 1908.





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